GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2435
ANSWERED ON:06.03.2003
RESTARTING OF DABHOL POWER PROJECT
DR. KIRIT SOMAIYA

Will the Minister of POWER be pleased to state:

(a) whether the Government have completed the formalities and dialogue with Maharashtra Government, Tariff Commission, Maharashtra Electricity Board, IDBI, NTPC and others to restart the Dabhol Power Project;

(b) if so, the details thereof;

(c) whether there is delay in starting the Dabhol Power Project;

(d) if so, the reasons therefor;

(e) the details of the relaxations given to State Government from the Union Government; and

(f) if so, the consideration, concessions and assurances given by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : The Power Purchase Agreement (PPA) in regard to the Dabhol Power Project was entered into between Maharashtra State Electricity Board (MSEB) and Dabhol Power Company (DPC). Thus, the responsibility to restart Phase-I and complete Phase-II lies with the main stakeholders viz. MSEB and DPC as well as the Government of Maharashtra (GOM). The Indian Financial Institutions led by the Industrial Development Bank of India (IDBI) having substantial stakes in the Dabhol Power Project have been trying to restructure and revive the Dabhol plant. Government of India has agreed to facilitate any amicable solution to the various issues in order to revive/restructure the project. Any scheme finalised for revival of the Dabhol project would come as a comprehensive package and would have to resolve complex, legal, financial and technical issues. While this may take time, as a first step, it has been agreed that an interim revival package for restarting Phase-I be worked out by the concerned agencies. The National Thermal Power Corporation (NTPC) has agreed to act as Operation & Maintenance Contractor for running Phase-I. A team involving representatives from NTPC, M/s. GE India, M/s. Bechtel, IDBI, MSEB and Central Electricity Authority carried out a preliminary inspection of the Dabhol power plant from October, 28-30, 2002 to ascertain its condition and to work out an action plan for restart of phase-I. During the visit, it was found, inter-alia, that the plant and equipments had generally been maintained well by the firm appointed by the Court receiver for maintenance and preservation of the assets. However, a more detailed assessment and internal inspection of the equipment is felt necessary so as to ascertain the time frame for restarting the plant as well as the likely expenditure involved.

Government of Maharashtra has taken a decision to allow MSEB to draw power from Phase-I at an optimum level of 83% at a tariff of about Rs.2.80/KWH on an interim basis, subject to approval of Maharashtra Electricity Regulatory Commission (MERC) and high Court of Maharashtra which has appointed the receiver for the project and without prejudice to MSEB/GOM`s rights and contentions in the pending arbitration/judicial and Maharashtra Electricity Regulatory Commission (MERC) proceedings. In a recent communication, GOM have stressed on the need to restart Phase-I of the Dabhol plant at the earliest keeping in view the acute power crisis being faced by the State. The issue was also discussed at a meeting with GOM held at Mumbai on 1st March, 2003.

(e) : So far, no relaxations have been given to the Government of Maharashtra by the Central Government. The Indian Financial Institutions led by IDBI, Government of Maharashtra and sponsors of Dabhol Power Company, have given certain proposals for revival of the Dabhol projects, which includes grant of certain reliefs/concessions by various agencies such as off-shore and on-shore lenders, Government of Maharashtra, MSEB, project sponsors as well as the Government of India. Any scheme finalised for revival of the project would come as a comprehensive package and would have to resolve complex legal, financial and technical issues.

(f) : Does not arise.